

UNITED STATES DISTRICT COURT  
NORTHERN DISTRICT OF CALIFORNIA

TREND MICRO INCORPORATED,  
Plaintiff,  
v.  
RPOST HOLDINGS, INC., et al.,  
Defendants.

Case No. [13-cv-05227-VC](#)

**ORDER OF STAY**

Re: Dkt. No. 70

Plaintiff Trend Micro Inc. brings this action against Defendants RPost Holdings, Inc. and RPost Communications Limited (together, “RPost”), seeking a declaratory judgment that Trend Micro has not infringed the four patents at issue and that these patents are invalid. The ownership of the patents is disputed and is scheduled to be resolved by jury trial in Los Angeles County Superior Court on November 3, 2014. Trend Micro has moved to stay the federal declaratory judgment action pending resolution of the state litigation. The motion is granted.

If the current defendants are found not to own the patents at issue, they will lack standing to pursue their counterclaims, and there will be no case or controversy to support a declaratory judgment action against them. It would be a waste of the parties’ and the Court’s resources to proceed with this case, only to later learn that it involves the wrong defendants.

Several cases involving RPost patents, pending in the Eastern District of Texas, have already been stayed. (*See* Mot. Stay, Ex. L). Although those are infringement actions, RPost cites—and the Court has found—no authority to support its contention that it is improper to grant a similar stay in a declaratory judgment action.

Any delay in resolving this lawsuit will not prejudice RPost. If the two RPost entities named in this lawsuit are found not to own the patents at issue, they will not have to expend resources defending litigation to which they are not proper parties. If, instead, the state court

1 determines that these entities do own the patents at issue (and if they ultimately prevail on their  
2 counterclaims), they can seek damages for any infringement by Trend Micro during the stay.  
3 RPost argues that a stay will require it to remain party to litigation “in which it should not be  
4 involved.” (Opp’n 11). This contention, however, is belied by the fact that RPost not only sent  
5 cease and desist letters to Trend Micro, but initiated its own infringement action. Any “cloud of  
6 litigation” hanging over RPost is thus one of its own making.

7  
8 On the other hand, if this lawsuit proceeds before the ownership of the patents is  
9 adjudicated, Trend Micro faces the possibility that it will carry out this litigation, only to find that  
10 it has to begin again against different defendants. In addition, the uncertainty surrounding  
11 ownership of the patents likely makes settlement of this lawsuit more difficult, if not impossible.

12 Although RPost argues that Trend Micro is trying to have it both ways by insisting there is  
13 a live controversy while asserting the case should be stayed because ownership of the patents is in  
14 doubt, that is not the case given RPost's own conduct. RPost sent two cease and desist letters to  
15 Trend Micro, asserting that Trend Micro was infringing its patents, identifying the allegedly  
16 infringing products, and, implicitly at least, threatening litigation. (*See* Compl. Exs. A, B). And  
17 RPost has not been shy about filing lawsuits asserting infringement of these and related patents; as  
18 mentioned above, it has filed many such lawsuits in the Eastern District of Texas. Indeed, RPost  
19 turned around and filed a separate suit against Trend Micro in the Eastern District of Texas for  
20 infringement of the same patents at issue in this case, *see RPost Holdings, Inc. v. Trend Micro*  
21 *Inc.*, No. 14-cv-2824, even though it had no apparent reason to do so (other than to be vexatious)  
22 given that it filed infringement counterclaims in this case. Accordingly, it is difficult to accept  
23 RPost's contention that its cease-and-desist letters to Trend Micro did not give rise to an  
24 immediate dispute over the patents and that Trend Micro should have waited until the California  
25 litigation is resolved before filing its declaratory judgment action. *See SanDisk Corp. v.*  
26 *STMicroelectronics, Inc.*, 480 F.3d 1372, 1381 (Fed. Cir. 2007) (“[W]here a patentee asserts rights  
27  
28

1 under a patent based on certain identified ongoing or planned activity of another party, and where  
2 that party contends that it has the right to engage in the accused activity without license, an Article  
3 III case or controversy will arise."). Under the circumstances, Trend Micro had every right to file  
4 a declaratory judgment action, and the fact that it needed to do so does not weaken the argument  
5 that it is in everyone's best interest to stay the action until the ownership dispute is resolved in  
6 state court.

7  
8 Because a stay will conserve the resources of the Court and the parties and because no  
9 party will be prejudiced by it, Trend Micro's motion is granted. The parties are directed to submit  
10 a joint case management statement within ten days of entry of judgment in the Barton '259 case,  
11 apprising the Court of the outcome of that case and proposing a method of proceeding with this  
12 lawsuit.

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14 The hearing on the motion for a stay is vacated. However, the parties are still directed to  
15 appear for the case management conference on July 24, 2014 at 10:00 a.m. for the purpose of  
16 determining whether the related RPost cases should be stayed for the reasons set forth in this  
17 order.

18 **IT IS SO ORDERED.**

19 Dated: July 22, 2014



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VINCE CHHABRIA  
United States District Judge